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Explanatory Meeting for Business Results for the Third Quarter ended December 31, 2024

January 27, 2025

Hitachi Construction Machinery Co., Ltd.

LANDCROS Japanese Excellence—Reliable Solutions

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1. Regional Market Environments and Projections

Hidehiko Matsui

Vice President and Executive Officer, CMO

Regional Market Environments and Projections explained by Hidehiko Matsui, Vice President and Executive Officer, CMO

Global Demand Trend for Hydraulic Excavators

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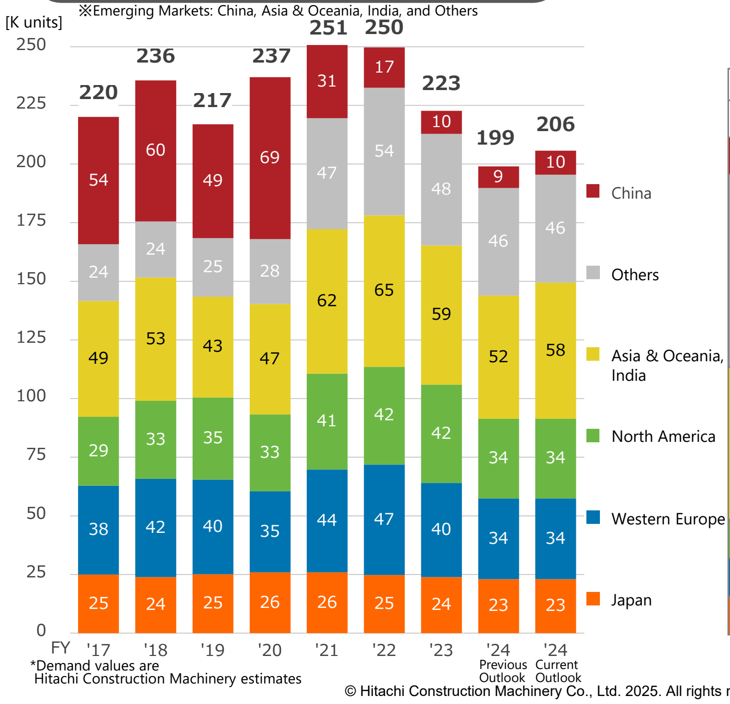
Emerging Markets ratio: FY24 56% (y-y Change : +4%)

※Emerging Markets: China, Asia & Oceania, India, and Others



*Demand values are Hitachi Construction Machinery estimates

Year-on-Year Change by Region

※Estimates by HCM, Excluding Chinese manufacturers
※Distributing, copying, or forwarding prohibited

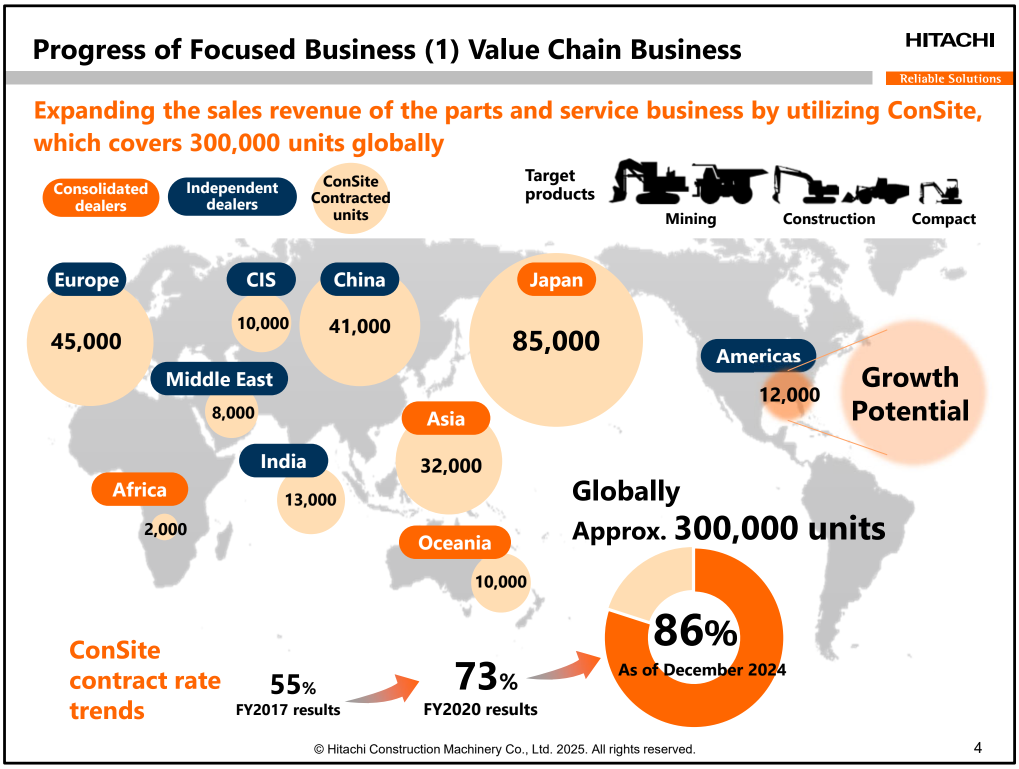
	'23	'24
Total	-11%	-8%
China	-43%	+4%
Russia, CIS, E Europe	-16%	-9%
Africa	+13%	+7%
Middle East	+10%	-21%
Latin America	-33%	+14%
Others	-12%	-3%
Asia	-17%	+1%
India	+8%	±0%
Oceania	-18%	-23%
Asia & Oceania,India	-8%	-2%
N America	+1%	-19%
W Europe	-15%	-14%
Japan	-3%	-4%

This slide explains the outlook for global demand for hydraulic excavators.

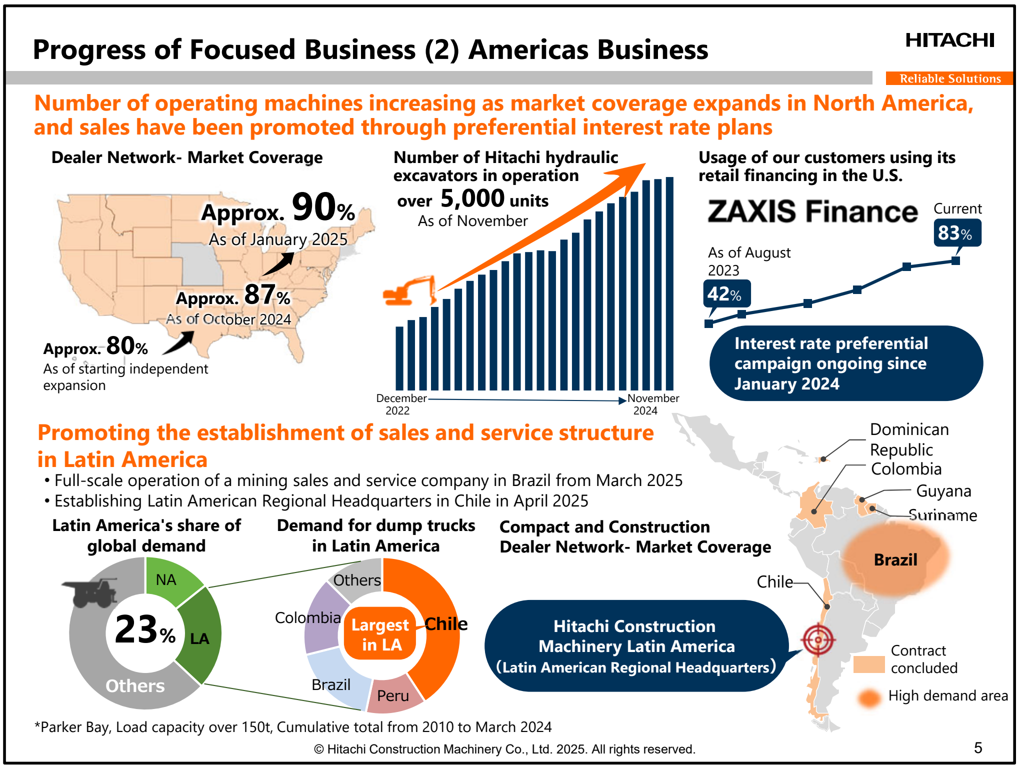
Demand for FY2024 is forecasted to decrease in China, Asia and India from the previous outlook.

Compared to FY2023, demand for FY2024 is expected to continually decrease in Western Europe and Japan, and to significantly decrease in Middle East, Oceania and North America.

Worldwide demand is forecasted to decrease by 8% year on year to 206 thousand units.



Now, let me introduce the progress of our focused business, starting with the value chain business.
Hitachi Construction Machinery has been globally deploying the ConSite service solution, which remotely monitors machinery 24/365.
The contract rate for ConSite is currently over 85%, and we are contributing to the stable operation of machinery for customers around the world.
Although we have been steadily increasing the contract rate since FY2017, we expect the Americas to be a region with potential for further growth.
We will continue to expand the revenue of the parts and services business, and thereby the value chain business, by creating touchpoints with customers through ConSite.



Next is the major progress of our Americas business.
In North America, the number of our hydraulic excavators in operation has been steadily increasing as our market coverage has expanded, reaching over 5,000 units as of November last year.
In addition, in order to stimulate customer purchasing desire, the finance joint venture company has been running a preferential interest rate campaign since January last year.
The percentage of our customers using its financing has grown to 83%.
We will continue to implement measures that can be taken even in the face of weak demand and work to promote sales.

In Latin America, we are promoting the establishment of sales and service structure.
The mining sales and service company we established in Brazil with Marubeni last year is scheduled to begin full-scale operations in March of this year.
In addition, we will establish a regional headquarters for Latin America in Chile this April.
The Latin American share of the global demand for rigid dump trucks is 23%.
Chile is the largest market in Latin America for rigid dump trucks.

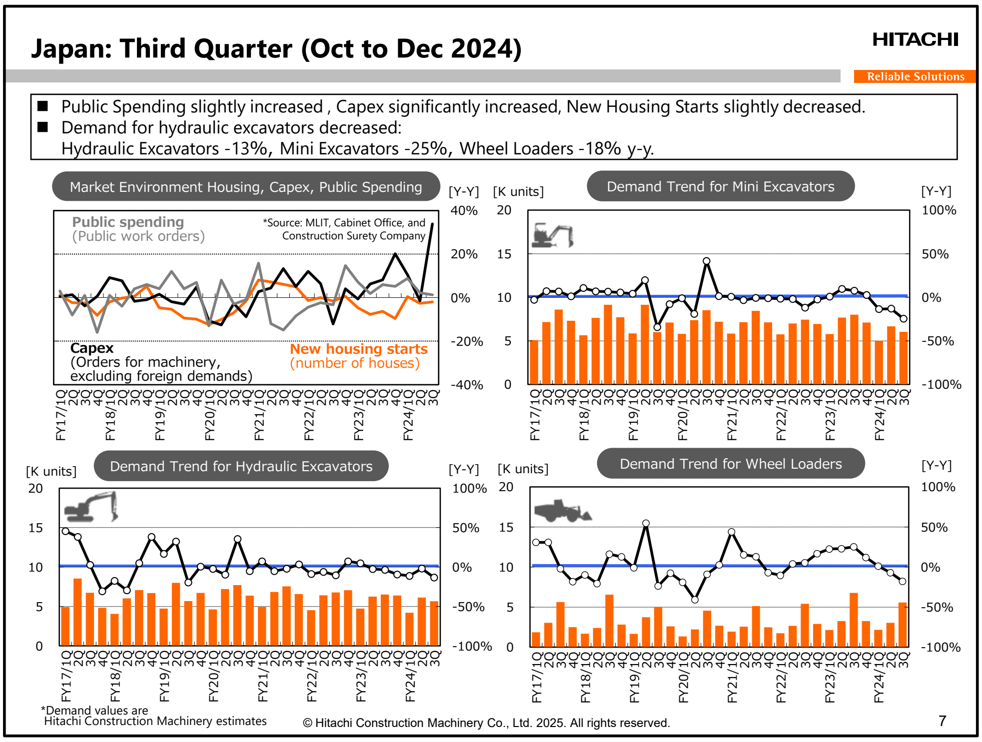
In addition, we have already concluded contracts with dealers covering five countries for our compact and construction products.
We will gradually develop a sales and service network, centered on the new company, that includes Brazil, the largest market for construction products.

Finally, here is the main progress of the mining business.
In the Americas, we sold North American non-core business in the specialized parts & service segment and focused on investing in the mining sector. Bradken plans to use the funds from the sale of its North American non-core business to improve the production and supply capacity of the mill liner plant in Peru acquired last year.
In December 2024, H-E Parts acquired Brake Supply's mining machinery component remanufacturing business.
In addition to parts and services, we will expand our specialized parts & service business.

In Central Asia, it began operating a component remanufacturing plant in Kazakhstan in October last year. Furthermore, this year we are focusing on expanding sales of dump trucks, such as by receiving orders for 20 dump trucks in Kazakhstan and Uzbekistan.

In Africa, we are currently conducting a technological feasibility trial of the world's first ultra-large full battery dump truck at a mine site. The trial is progressing smoothly, and we have completed verification of basic performance and charge/discharge cycles, and are now moving on to the verification phase of checking battery aging during long-term operation, etc.

In addition, due to the increasing number of machines in operation, the Zambian remanufacturing plant is scheduled to be expanded in March 2025.
We are expanding our mining business globally, from new machine sales to value chain businesses.



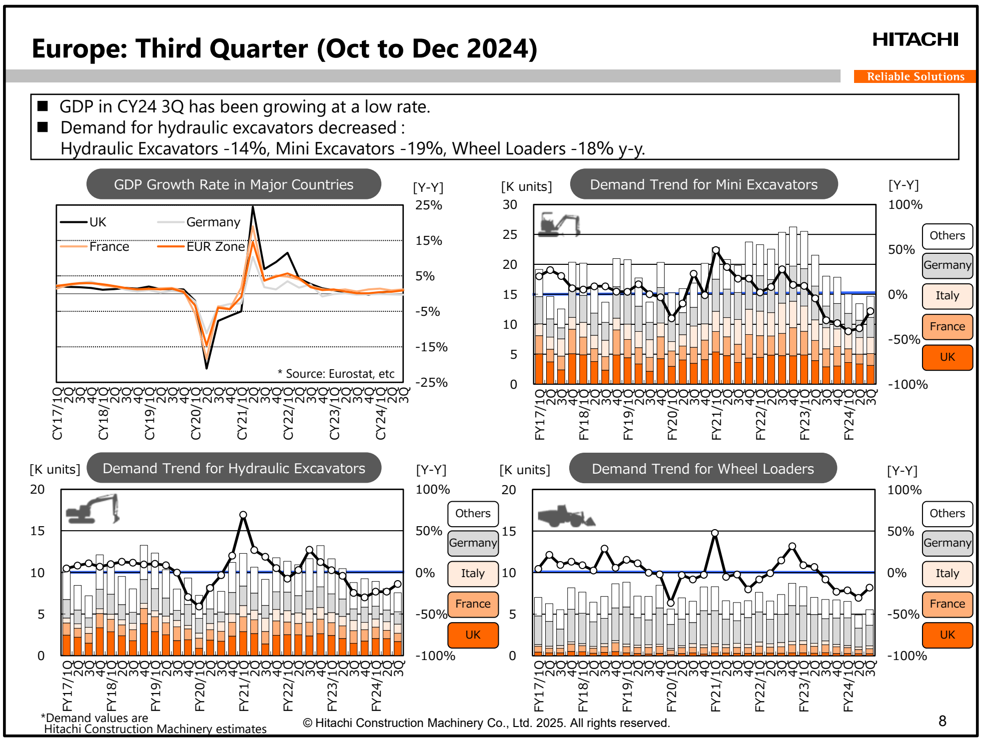
From here, I will explain the demand by region.
This slide explains the Japanese market.

The graph on the top left shows that Capex significantly increased, New Housing Starts slightly decreased, Public Spending slightly increased, in 3Q year on year.

The graph on the lower left shows that demand for hydraulic excavators in 3Q decreased by 13% year on year.

The graph on the top right shows that demand for mini excavators decreased by 25%. This is due to a rebound from last year when deliveries progressed after overcoming the COVID-19 pandemic and delivery lead time for machinery becomes normalized.

The graph on the lower right shows that demand for wheel loaders decreased by 18%.



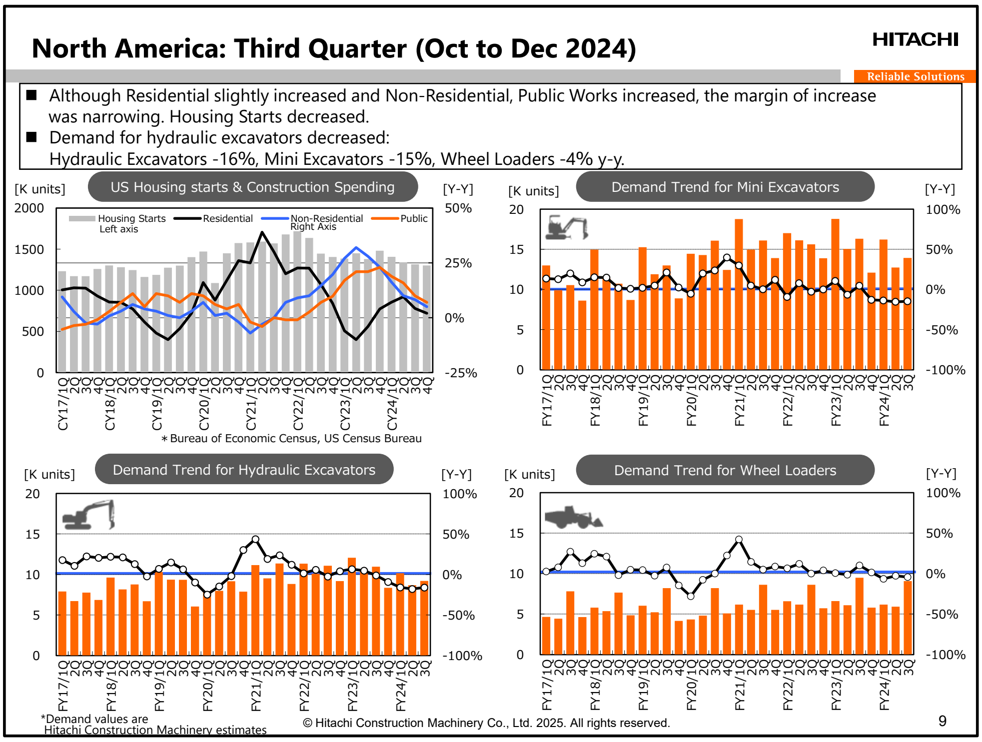
This slide explains the European market.

The graph on the top left shows that the GDP has been growing at a low rate across the Eurozone partly due to continuing inflation and high interest rates.

The graph on the lower left shows that demand for hydraulic excavators in 3Q decreased by 14% year on year due to continued market slowdown.

The graph on the top right shows that demand for mini excavators decreased significantly by 19% but the margin of decrease was narrowing.

The graph on the lower right shows that demand for wheel loaders also decreased significantly by 18%, mainly in Germany.



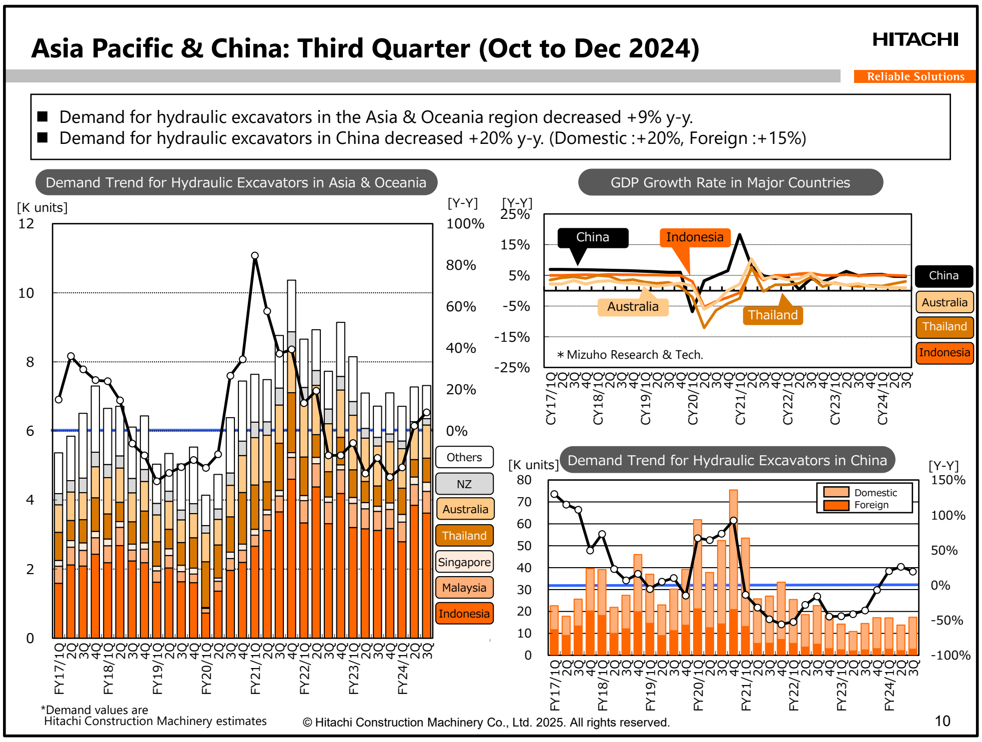
This slide explains the North American market.

The graph on the top left shows that residential slightly increased, non-residential and public works increased but the margin of increase was narrowing.
Housing starts decreased from the previous quarter.

The graph on the lower left shows that demand for hydraulic excavators in 3Q decreased significantly by 16% year on year, and continues decreasing.

The graph on the top right shows that demand for mini excavators decreased significantly by 15%.

The graph on the lower right shows that demand for wheel loaders decreased by 4%.

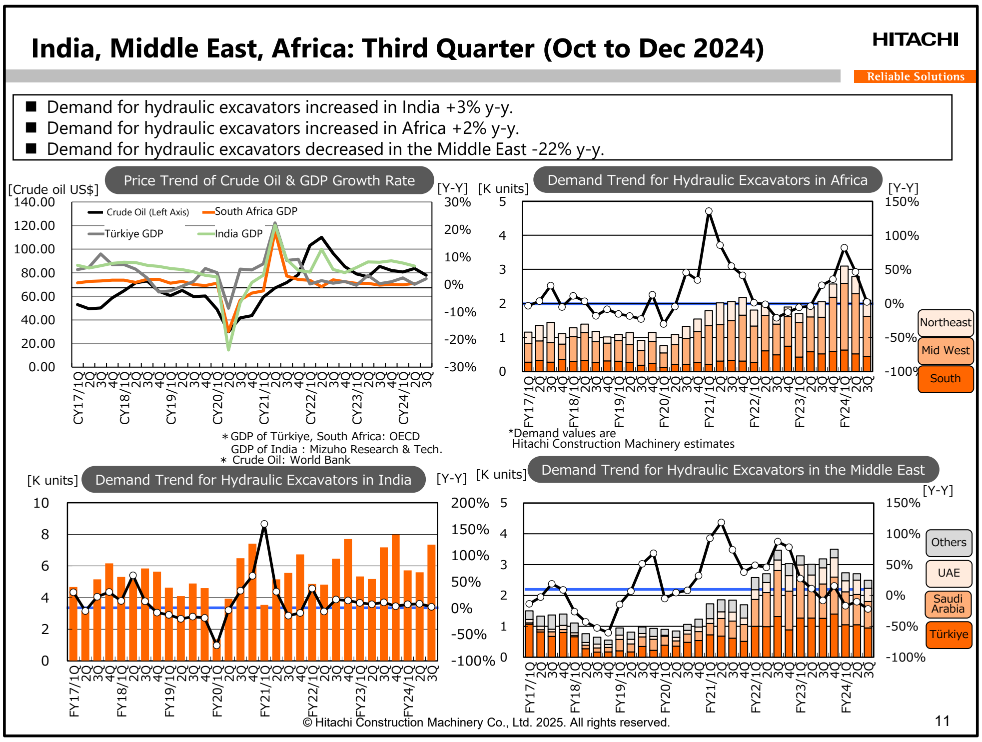


This slide explains the markets in Asia Pacific and China.

As shown on the top right, although GDP growth in major countries remains positive, GDP growth in Australia and Thailand is slow.
Also, the economy in China shows slow recovery.

The graph on the left shows that demand for hydraulic excavators in 3Q in Asia Pacific increased by 9% year on year, because of special demand from the Food Estate project in Indonesia.

The graph on the lower right shows that total demand for hydraulic excavators in China including domestic manufacturers increased by 20% year on year.
As a breakdown, domestic manufacturers’ demand for hydraulic excavators increased by 20% and foreign manufacturers’ demand increased by 15%.



This slide explains the markets in India, the Middle East, and Africa.

The graph on the top left shows that crude oil prices decreased by $6 from the previous quarter to $78.

GDP in India increased, slightly increased in Türkiye, and slightly decreased in South Africa.

The graph on the lower left shows that demand for hydraulic excavators in 3Q in India increased by 3% year on year.

The graph on the top right shows the demand for hydraulic excavators in Africa in 3Q increased by 2% year on year.

The graph on the lower right shows that demand for hydraulic excavators in the Middle East decreased by 22% compared to the same period of the previous year when the demand was high.

Mining Machinery: FY2024 (April 2024 to March 2025)

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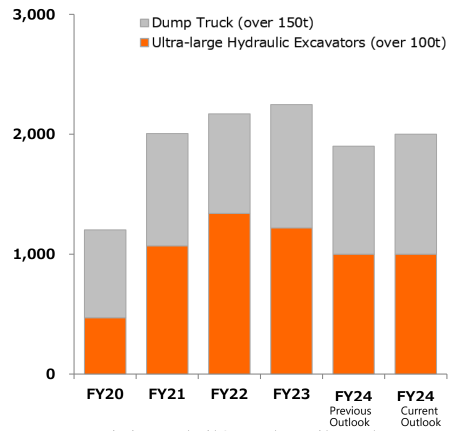
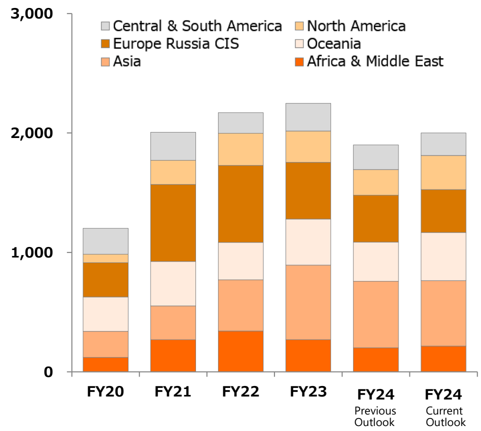
- The demand forecast for mining in FY24 remains unchanged. ("-5% to -15%" y-y) from the previous outlook despite an increase in demand for dump trucks.
- Demand for ultra-large excavators in India specifically for 100-ton class decreased, in Africa and Asia increased. Demand for dump trucks in the Americas and Australia increased.

Ultra-large Hydraulic Excavators (over 100t), Dump Trucks(over 150t)

[Units] **Demand by product**



[Units] **Demand by region**



*Demand values are Hitachi Construction Machinery estimates

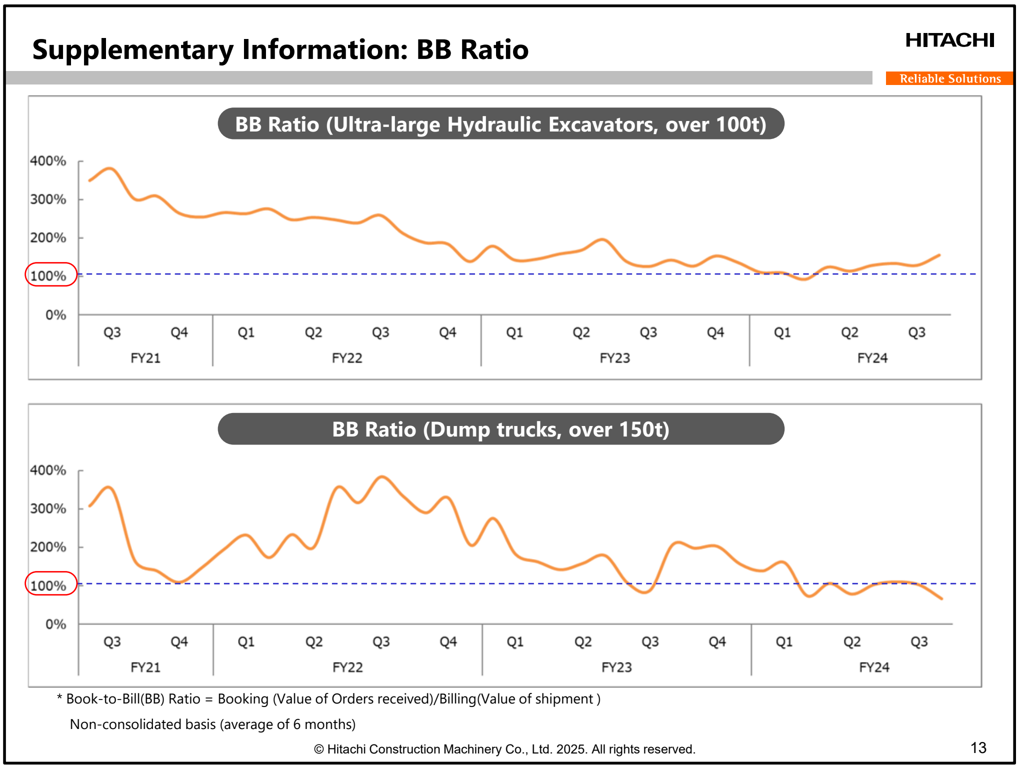
This slide explains the demand outlook for mining machinery in FY2024.

100-ton class ultra-large excavators demand are expected to retract and decrease due to the impact of the Indian elections.

On the other hand, the overall outlook for excavators remains unchanged from the previous outlook, as demand in Africa and Asia, including Indonesia, has remained steady.

Demand for dump trucks in the Americas and Australia has increased compared to the previous outlook.

The total demand outlook for mining in FY2024 remains unchanged from the previous outlook, within the range of a year-on-year decrease of -5% to -15%, although demand for dump trucks has increased compared to the previous outlook.

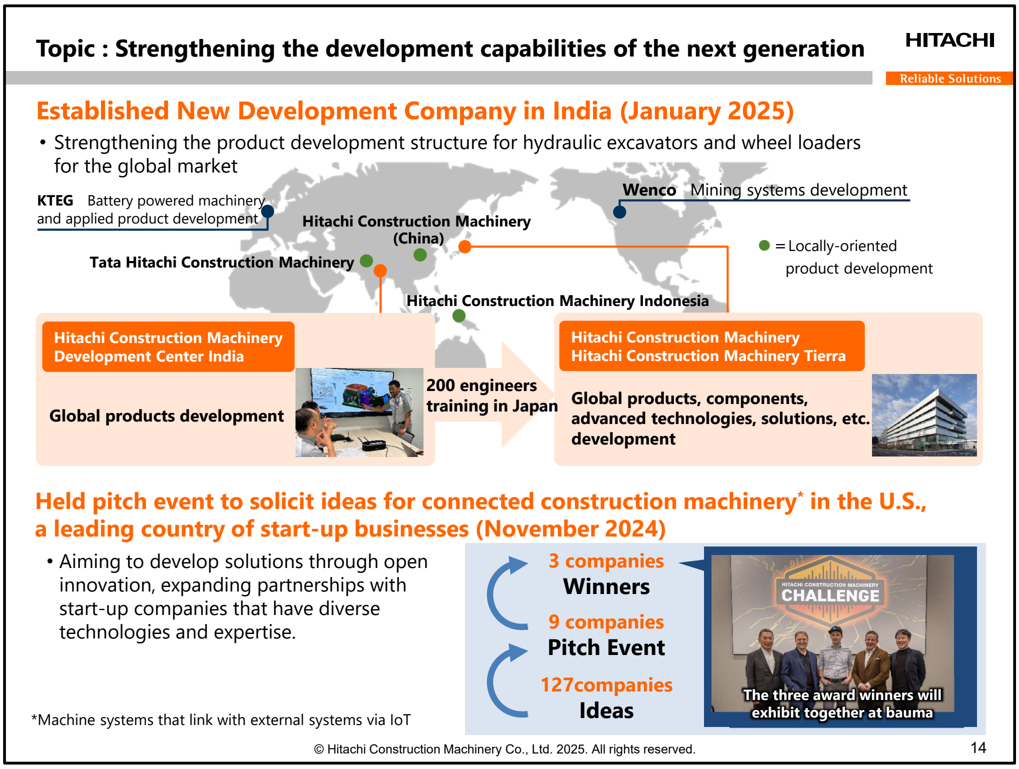


This slide explains the BB ratio of mining machinery.

In 2Q, due to crane renovation work at Hitachi-Naka Port, some cargo was left unshipped and postponed to the 3Q.

The ultra-large excavators received new orders in Africa and in Asia including China and Indonesia, for smaller models, and in the Americas and Australia, for larger models. Consequently BB ratio significantly exceeded 100% even when including the backlog from the 2Q.

New orders for dump trucks were received in Australia and the CIS; however, due to the impact of backlogs, shipments increased and exceeded the level of new orders, resulting in BB ratio below 100%.



At the last slide of my part, I will explain the measures to strengthen our next-generation development capabilities.
Hitachi Construction Machinery has established a new company, "Hitachi Construction Machinery Development Center India," to develop and design construction machinery.
This will strengthen our development structure for products such as next-generation models of hydraulic excavators and wheel loaders that are deployed globally.
India is a region with an abundant supply of advanced mechanical engineering and IT talent.
The approximately 200 engineers and designers to be hired by fiscal year 2027 will undergo training at Tsuchiura Works and other facilities after being hired to learn Hitachi Construction Machinery's MONOZUKURI.
This is the first time that Hitachi Construction Machinery has established a development company that will play a role in the development and design of global products on this scale.

Additionally, Hitachi Construction Machinery held a pitch event in November last year in the United States, a leading country in startups, to solicit ideas for connected construction machinery.
In recent years, there has been progress in the development of "connected construction machinery," that link with external systems using IoT, to improve safety and productivity at construction sites and respond to ESG requirements.
127 start-up companies submitted proposals, and three winners were selected after a pitch event. The 3 winners will exhibit together with Hitachi Construction Machinery at bauma 2025, which will be held in Germany in April 2025.
We are expanding partnerships with start-up companies that have diverse technologies and expertise to provide open solutions.

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2. Business Results for the Third Quarter ended December 31, 2024

(April 1, 2024 – December 31, 2024)

Keiichiro Shiojima

Vice President and Executive Officer, CFO

Our Business Results in the 1-3Q of FY2024 and forecast for FY2024 are explained by Keiichiro Shiojima, Vice President and Executive Officer, CFO.

Summary of consolidated results

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In 3Q of the year, revenue decreased by 2% y-y. Adjusted operating income decreased by 15% y-y due to the impact of sales volume decrease, region and model mix, and increase in policy overheads. Net income attributable to owners of the parent decreased by 13%.

[billions of yen]

		FY2024 1Q-3Q		FY2023 1Q-3Q		change
Continuing operation						
	Revenue		991.3		1,008.2	-2%
	Adjusted operating income *1	(10.5%)	104.5	(12.2%)	122.9	-15%
	Operating income	(11.7%)	116.1	(12.1%)	121.9	-5%
	Income before income taxes	(10.1%)	100.2	(10.9%)	110.1	-9%
	Net income from continuing operation	(6.9%)	67.9	(7.8%)	79.1	-14%
Net income from discontinued operation			1.4		-0.0	-
Net income attributable to owners of the parent		(6.2%)	61.9	(7.0%)	71.1	-13%
EBIT *2		(11.2%)	110.6	(11.7%)	118.2	-6%
FX rate	Rate (YEN/USD)		152.6		143.2	9.4
	Rate (YEN/EUR)		164.9		155.2	9.7
	Rate (YEN/RMB)		21.1		19.9	1.2
	Rate (YEN/AUD)		100.8		94.2	6.5

*1 "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.
*2 "EBIT" stands for Earnings Before Interests and Taxes, and is calculated by excluding "Interest income" and "Interest expenses" from "Income before income taxes"

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This slide explains summary of consolidated results for the 1-3Q.
Revenue in the 1-3Q of FY2024 was ¥991.3 billion, a decrease of 2% from the previous year, due to a decline in sales of new machinery caused by a drop in demand in major markets, particularly in North America and Europe.

Adjusted operating income decreased by 15% year on year to ¥104.5 billion, resulting in an adjusted operating income margin of 10.5%.
Operating income was ¥116.1 billion, resulting in an operating income margin of 11.7%.

Net income attributable to owners of the parent decreased by 13% year on year to ¥61.9 billion.

In a difficult environment with weak demand for new construction machinery, revenue just fell short of ¥1 trillion, although growth was maintained in the mining and value chain businesses.
Adjusted operating income decreased due to a decrease of region and model mix and an increase of expense for sustained growth.

In the 1-3Q, the yen depreciated by ¥9.4 to the U.S. dollar, by ¥9.7 to the euro, by ¥1.2 to the yuan and by ¥6.5 to the Australian dollar compared with the previous year.

Consolidated revenue by geographic region

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Although revenue in Africa and Oceania increased y-y, revenue in North America, Europe, and Asia decreased. Consolidated revenue decreased by 17.0 billion yen y-y.

[billions of yen]

		FY2024 1Q-3Q		FY2023 1Q-3Q		change	
						amount	%
Japan		156.8	16%	159.9	16%	-3.1	-2%
Asia		84.3	9%	94.9	9%	-10.6	-11%
India		60.8	6%	58.6	6%	2.2	4%
Oceania		203.3	21%	190.8	19%	12.5	7%
Europe		109.0	11%	127.3	13%	-18.4	-14%
	N. America	217.9	22%	240.3	24%	-22.4	-9%
	L. America	33.7	3%	29.9	3%	3.8	13%
The Americas		251.6	25%	270.2	27%	-18.6	-7%
(Developing own business)		(140.5)	(14%)	(150.2)	(15%)	(-9.7)	(-6%)
Russia-CIS		12.9	1%	17.1	2%	-4.3	-25%
M. East		24.5	2%	21.5	2%	3.0	14%
Africa		64.5	7%	46.5	5%	17.9	39%
China		23.8	2%	21.3	2%	2.4	11%
Total		991.3	100%	1,008.2	100%	-17.0	-2%
Overseas ratio		84%		84%			

* FY2023 & FY2024 revenue present only continuing operation retroactively.

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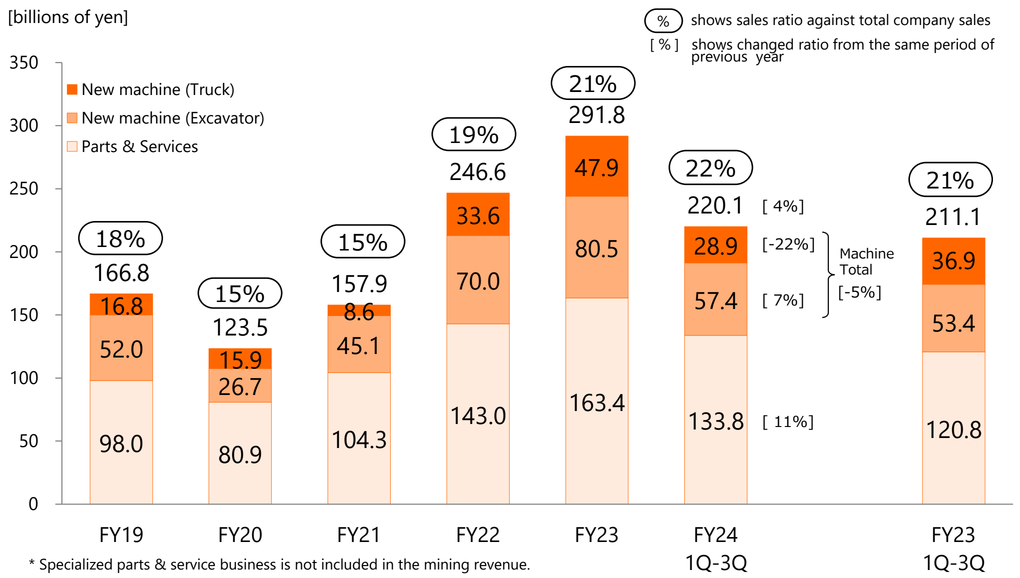
This slide explains revenue by geographic region for the 1-3Q.
Revenue in the 1-3Q of FY2024 decreased by 2% year on year.
Included in this figure is an increase of ¥46.0 billion in revenue due to depreciation of the yen.

By region, revenue increased in Africa and Oceania due to strong mining demand, while revenue decreased in North America, Europe, and Asia.
In the American market, our own developing business revenue decreased compared to the previous year, when sales had grown significantly, due to a lull in demand for the accumulation of dealer inventories, but the North American market share based on retail sales steadily increased.

The ratio of overseas revenue to total revenue was 84%, the same level as the previous year.

Mining revenue

Revenue of mining increased due to an increase in excavators, parts and services, despite a decrease in trucks.



* Specialized parts & service business is not included in the mining revenue.

This slide explains the mining revenue.
Mining revenue in the 1-3Q of FY2024 was ¥220.1 billion, a 4% increase over the previous year, as shown in the second bar graph from the right.

Revenue of new trucks decreased by 22% year on year due to the absence of the large-scale orders received in Indonesia in the previous year, but revenue of new excavators increased by 7% year on year due to contributions from Oceania and China.

Revenue of parts & services increased by 11%, reaching a record high in the 1-3Q. This growth was significantly contributed by Latin America, along with strong performances in Oceania and Africa, where we have a robust presence.

Mining revenue accounted for 22% of consolidated revenue, the ratio increased 1 percentage point year on year.

Value chain[*1] revenue

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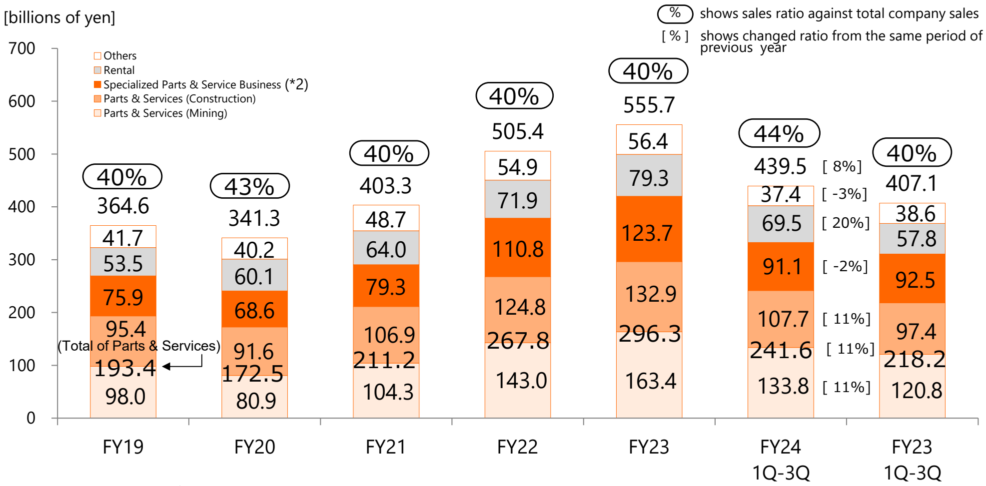
Revenue of the value chain business increased in parts＆services, and rental significantly.



(*1) Value chain: Total of Parts & services, Specialized parts & service business, Rental etc. other than new machine sales.
(*2) Specialized parts & service business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.
From FY2019, revenue presented only continuing operation retroactively.

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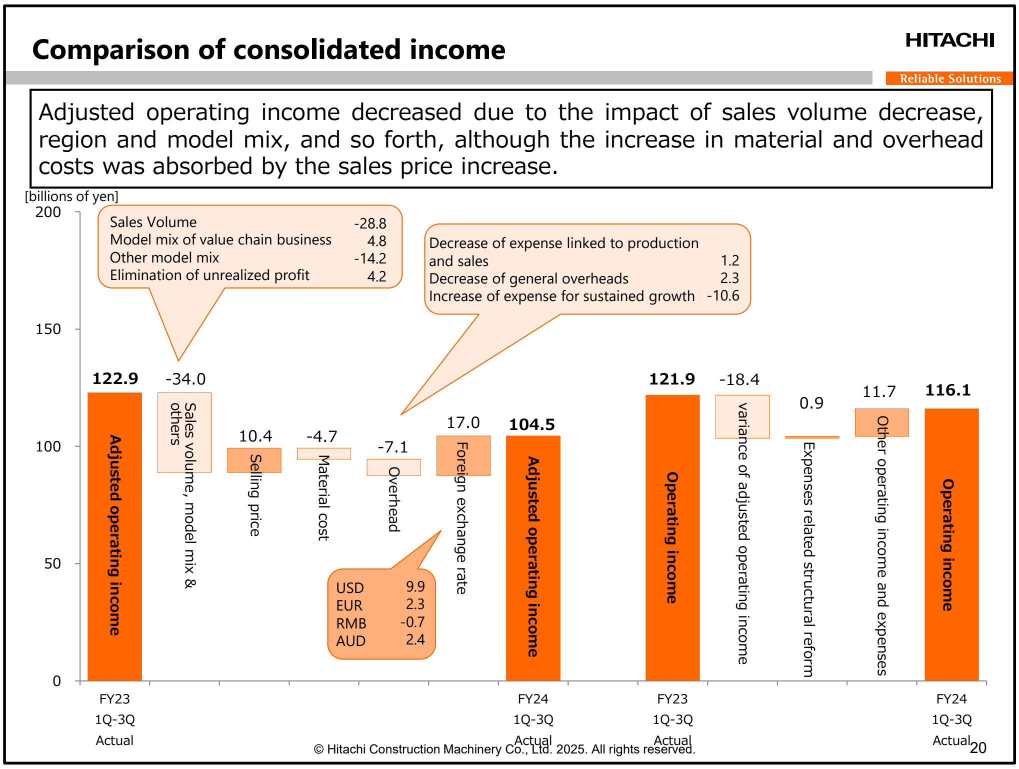
This slide explains the value chain revenue.
Please refer to the second bar graph from the right.

Revenue from the value chain in the 1-3Q of FY2024 rose 8% year on year to ¥439.5 billion.
As a result, value chain revenue reached a record high in the 1-3Q.

Revenue from parts & services increased by 11% and rental business increased 20% over the previous year.

The value chain accounted for 44% of consolidated revenue, up 4 percentage points from the previous year.
We will continue to make firm efforts to further expand our value chain business.



This slide explains a comparison of consolidated income for the 1-3Q.

I will explain the factors behind the ¥18.4 billion decrease in adjusted operating income compared to the previous year.

From left side of page, we analyze the factors behind the decrease in income of ¥34.0 billion as sales volume, model mix, and others.

Although there was an increase in income of ¥4.8 billion due to the model mix of value chain business, there was a decrease in income of ¥28.8 billion due to a decrease in sales volume, and ¥14.2 billion due to other model mix resulting from lower sales volume in the construction's main markets of North America, Europe and Asia.

On the other hand, we realized a ¥10.4 billion improvement in selling price, which absorbed a ¥4.7 billion increase in material costs and a ¥7.1 billion increase in overhead mainly due to expense for sustained growth such as personnel and R&D expenses.

As a result of these factors, although the company enjoyed a ¥17 billion increase in income due to the impact of the yen depreciation, adjusted operating income decreased by ¥18.4 billion year on year to ¥104.5 billion.

As shown on the right-hand side of the page, operating income decreased by ¥5.8 billion from the previous year to ¥116.1 billion because of an improvement other operating income and expenses.

Summary of quarterly consolidated revenue and operating income (ratio)

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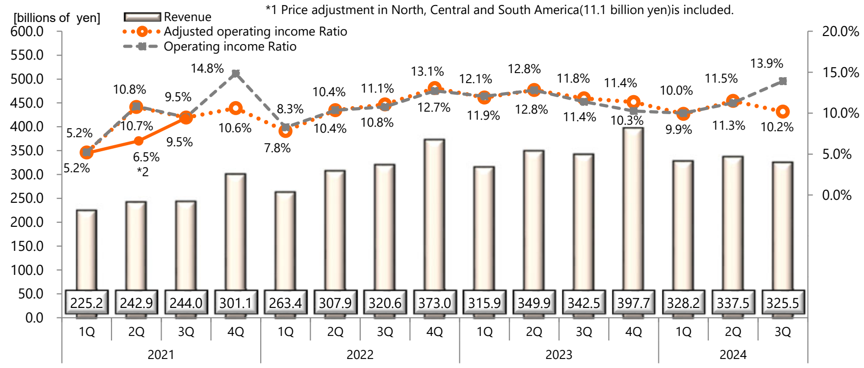
[billions of yen]

	2021				2022				2023				2024		
	1Q	2Q*1	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenue	225.2	242.9	244.0	301.1	263.4	307.9	320.6	373.0	315.9	349.9	342.5	397.7	328.2	337.5	325.5
Adjusted operating income	11.7	26.1	23.1	32.0	20.6	31.9	35.5	48.7	37.6	44.9	40.5	45.1	32.5	38.8	33.2
Operating income	11.7	26.3	23.2	44.7	21.8	31.9	34.5	47.5	38.1	44.8	39.0	40.8	32.8	38.0	45.3

*1 Price adjustment in North, Central and South America(11.1 billion yen)is included.



*2 Price adjustment in North, Central and South America(11.1 billion yen)is excepted.

FX rate	2021				2022				2023				2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Rate (YEN/USD)	109.5	110.1	113.7	116.2	129.6	138.4	141.6	132.3	137.4	144.6	147.9	148.6	155.9	149.4	152.4
Rate (YEN/EUR)	132.0	129.8	130.1	130.4	138.1	139.3	144.3	142.1	149.5	157.3	159.1	161.3	167.9	164.0	162.6
Rate (YEN/RMB)	17.0	17.0	17.8	18.3	19.6	20.2	19.9	19.3	19.6	19.9	20.4	20.6	21.5	20.8	21.2
Rate (YEN/AUD)	84.3	80.9	82.9	84.0	92.6	94.5	92.9	90.6	91.8	94.7	96.3	97.7	102.7	100.0	99.5

From FY2021, revenue, adjusted operating income and operating income presented only continuing operation retroactively.

This slide explains quarterly consolidated revenue and operating income. Please refer to the 3Q of FY2024 on the rightmost of the bar graph.

Revenue for the 3Q was ¥325.5 billion, and adjusted operating income was ¥33.2 billion. Due to a decrease in new machinery sales volume caused by a decline in demand in North America and Europe where are main markets of construction machinery, revenue decreased by ¥17.0 billion and income decreased by ¥7.3 billion compared to the same period last year.

The adjusted operating income margin also deteriorated by 1.6 points from 11.8% in the same period of the previous year to 10.2%, as shown in the line graph, due to the impact of the deterioration in the region and model mix, but we have continued to secure a double-digit adjusted operating income margin.

In addition, the operating income margin was 13.9%, due in part to an improvement in "Other operating income and expenses".

Consolidated statement of financial position

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Total assets increased by 31.9 billion yen from the end of the last fiscal year due to depreciation of the yen and addition by business acquisitions, despite the decrease in trade receivables.

(billions of yen)

	(A) FY24-3Q	(B) Mar '2024	(C) FY23-3Q	(A)-(B) change
Cash and cash equivalents	143.2	143.5	113.9	-0.4
Trade receivables	247.0	305.7	259.0	-58.8
Inventories	583.5	552.3	569.8	31.2
Total current assets	1,064.3	1,077.2	1,012.0	-12.9
Total non-current assets	803.3	758.5	761.9	44.8
Total assets	1,867.6	1,835.7	1,774.0	31.9
Trade receivables incl. non-current	293.3	352.9	302.2	-59.6
Inventories by products				
Unit	240.5	229.7	227.6	10.9
Parts	176.4	172.8	168.7	3.6
Raw materials, WIP and etc	166.6	149.9	173.5	16.8
Total inventories	583.5	552.3	569.8	31.2
On hand days(divided by revenue)				[Days]
Trade receivables	77	92	79	-15
Inventories	153	143	149	10
Trade payables	39	44	44	-5
Net working capital	188	187	180	1

	(D) FY24-3Q	(E) Mar '2024	(F) FY23-3Q	(D)-(E) change
Trade and other payables	256.1	289.9	275.9	-33.8
Bonds and borrowings	602.0	575.6	584.0	26.5
Total liabilities	1,009.6	1,021.3	1,005.3	-11.7
(Equity attributable to owners of the parent ratio)	(43.4%)	(41.6%)	(40.7%)	(1.8%)
Total equity	857.9	814.4	768.7	43.5
Total liabilities and equity	1,867.6	1,835.7	1,774.0	31.9
	(32.2%)	(31.4%)	(32.9%)	(0.9%)
Interest-bearing debt	602.0	575.6	584.0	26.5
Cash and Cash equivalents	143.2	143.5	113.9	-0.4
	(24.6%)	(23.5%)	(26.5%)	(1.0%)
Net interest-bearing debt	458.9	432.1	470.1	26.8
Net D/E Ratio	0.57	0.57	0.65	0.00

In the current third quarter, due to the completion of PPA, the figures for the end of fiscal year 2023 have been retrospectively restated to reflect the numbers after the PPA adjustment.

This slide explains consolidated balance sheet as of the end of December 2024. Compared with the end of March 2024 of the previous fiscal year, trade receivables decreased by ¥58.8 billion due to the expansion of receivables liquidation.
On the other hand, inventories increased by ¥31.2 billion due to the inclusion of inventory from the business transfer of Brake Supply Co., Inc. in North America. Non-current assets also increased by ¥44.8 billion due to investments in rental assets for business expansion and the impact of foreign exchange conversion. As a result, total assets increased by ¥31.9 billion from the end of the previous fiscal year to ¥1,867.6 billion.
The amount of increase due to the impact of the depreciation of the yen was ¥25.8 billion.

In terms of the days on hand, we were able to reduce trade receivables by 15 days from the end of the previous fiscal year to 77 days, but inventories were extended by 10 days to 153 days.
As a result, the number of days of net working capital on hand was 188 days, the same level compared to the end of the previous fiscal year.

Interest-bearing debt on the right-hand side increased by ¥26.5 billion from the end of the previous fiscal year, and net interest-bearing debt increased by ¥26.8 billion to ¥458.9 billion, but this is a one-off increase as the proceeds from the sale of non-core businesses in North America, which are temporary accounts receivable, will be collected in January.

Total equity was ¥857.9 billion and the equity attributable to owners of the parent ratio was 43.4%. The net D/E ratio was 0.57.

Consolidated cash flow

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Operating cash flow and free cash flow improved significantly y-y.

[billions of yen]

	FY2024 1Q-3Q		FY2023 1Q-3Q		change	
Net income		69.3		79.0		-9.7
Depreciation and amortization	124.6	55.3	129.9	50.9	-5.3	4.4
(Increase)decrease in trade/lease receivables		67.6		53.6		14.0
Increase(decrease) in inventories	41.4	-1.4	-41.5	-97.4	82.9	96.0
Increase(decrease) in trade payables		-24.8		2.3		-27.1
Others		-82.9		-59.7		-23.1
Net cash provided by (used in) operating activities		83.2		28.6		54.5
Cash flow margin for operating activities		8.4%		2.8%		5.5%
Net cash provided by (used in) investing activities		-51.9		-44.9		-7.0
Free cash flows		31.2		-16.3		47.5
Net cash provided by (used in) financing activities		-33.3		15.9		-49.3

* Blue figures shows the total of each category.

23

This slide explains consolidated cash flow for the 1-3Q.
Operating cash flow for the 1-3Q was positive at ¥83.2 billion due to working capital reduction, resulting in an improvement of ¥54.5 billion compared to the previous year.

Investment cash flow was an outflow of ¥51.9 billion, an increase of ¥7 billion year on year, due in part to the acquisition of the Brake Supply Co., Inc. to expand the business of specialized parts & service in the Americas.

Ultimately, we were able to secure ¥31.2 billion in free cash flow, an improvement of ¥47.5 billion year on year.

Summary of consolidated earnings forecast

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Consolidated revenue and adjusted operating income for this fiscal year is unchanged from the previous one as of October. Operating income and below is changed upward incorporating improvement of other operating income and expenses in 3Q.

(billions of yen)

	FY2024 Forecast		FY2023 Actual	change amount	change %
Continuing operation					
Revenue	<1,350.0>	1,350.0	1,405.9	-55.9	-4%
	<11.2%>	(11.2%)	(12.0%)	(-0.8%)	
Adjusted operating income	<151.0>	151.0	168.0	-17.0	-10%
	<11.1%>	(12.0%)	(11.6%)	(0.4%)	
Operating income	<150.0>	162.0	162.7	-0.7	-0%
	<9.4%>	(10.0%)	(11.4%)	(-1.4%)	
Income before income taxes	<127.0>	135.0	160.5	-25.5	-16%
Net income from continuing operation	<89.0>	92.6	116.3	-23.7	-20%
Net income from discontinued operation	<0.0>	1.4	-11.8	13.2	-
Net income attributable to owners of the parent	<5.9%>	(6.2%)	(6.6%)	(-0.4%)	
	<80.0>	84.0	93.3	-9.3	-10%
EBIT	<139.8>	149.5	167.5	-17.9	

Currency	1Q-3Q Actual	4Q Forecast	Year Forecast	FY2023 Actual	change
Rate (YEN/USD)	152.6	141.0	148.3	144.8	3.6
Rate (YEN/EUR)	165.0	155.0	161.4	157.0	4.4
Rate (YEN/RMB)	21.1	19.8	20.7	20.1	0.6
Rate (YEN/AUD)	100.8	96.0	99.6	95.0	4.5
Cash dividend per share (yen) *1			175	150	25

For FX sensitivity, please refer to appendix 1.

*1 "Cash dividend per share": The Company will pay dividends linked to its consolidated business results twice, interim and year end, in the fiscal year and aims to maximize shareholder returns based on a stable and continuous dividend payout ratio of approx. 30% to 40%.
*2 Blue figures at FY2024 Forecast shows previous forecast as of October 2024.

24

I will explain the FY2024 full-year earnings forecasts.
In light of the results for the 1-3Q of the year and the demand environment that we have explained, we will maintain the previous forecast for revenue and adjusted operating income for the current fiscal year, which was announced in last October.
On the other hand, since we have factored in an improvement in "Other operating income and expenses" for the 3Q, we have revised upwards in an increase in operating income to net income attributable to owners of the parent from the previous forecast.

Specifically, we maintain our forecast for revenue at ¥1,350 billion and adjusted operating income at ¥151 billion, but we have revised our forecast upwards for operating income to ¥ 162.0 billion and net income attributable to owners of the parent to ¥ 84 billion.

Regarding the assumed exchange rates for the 4Q, we have not changed the previous forecast announced in last October, with ¥141 for the US dollar and ¥155 for the euro, etc.

We assume the severe demand environment in our main markets to continue in the 4Q, but we will strive to increase new machinery sales during the sales season, and we will also work to achieve steady growth in our focused businesses in the Americas, mining, and value chain.

Please refer to Appendix 1 for reference. Currency sensitivity, which affects revenue and adjusted operating income for the 4Q, is presented on page 29.

Consolidated revenue forecast by geographic region

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Although revenue in Europe and Japan is expected to decrease, revenue in Africa etc. is expected to increase. Consolidated revenue for this fiscal year is unchanged from the previous forecast.

(billions of yen)

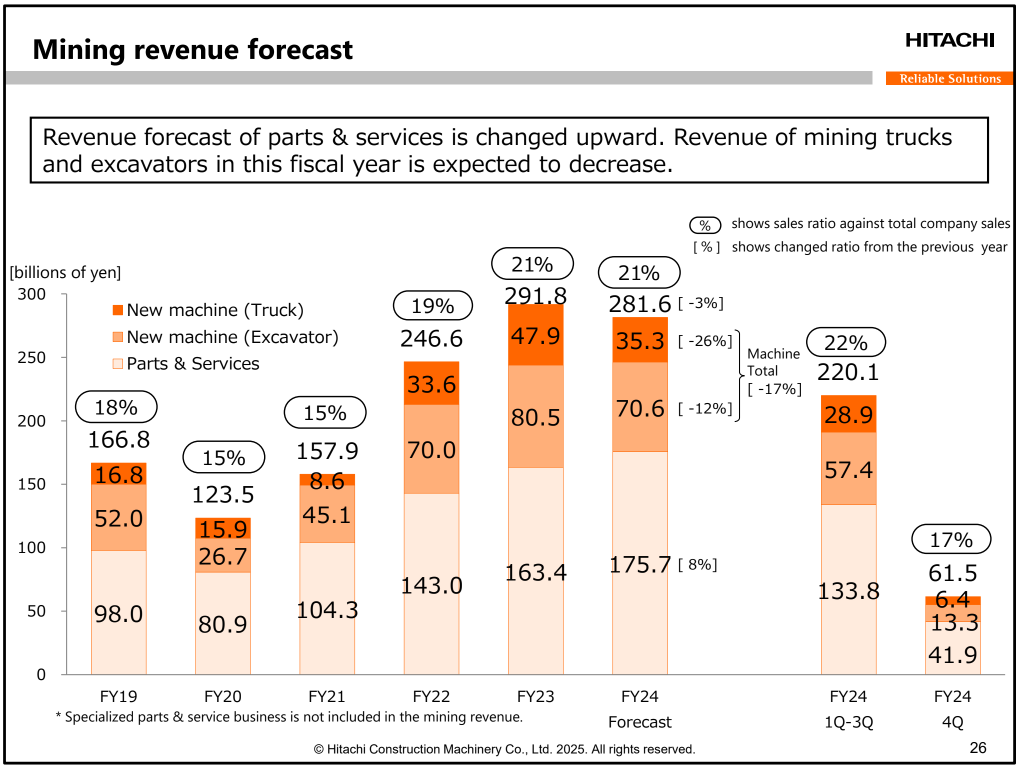
		FY2024 Forecast		FY2023 Actual		change amount	change %
Japan		219.8	16%	226.9	16%	-7.1	-3%
Asia		118.9	9%	127.0	9%	-8.1	-6%
India		88.1	7%	85.0	6%	3.1	4%
Oceania		254.7	19%	251.1	18%	3.6	1%
Europe		142.9	11%	182.9	13%	-40.0	-22%
America	N. America	323.9	24%	334.4	24%	-10.5	-3%
	L. America	42.7	3%	40.9	3%	1.8	4%
		366.6	27%	375.2	27%	-8.7	-2%
(Developing own business)		(225.1)	(17%)	(217.5)	(15%)	(7.6)	(3%)
Russia-CIS		20.5	2%	23.4	2%	-2.9	-13%
M. East		31.1	2%	34.7	2%	-3.6	-10%
Africa		75.9	6%	70.4	5%	5.5	8%
China		31.6	2%	29.2	2%	2.4	8%
Total		1,350.0	100%	1,405.9	100%	-55.9	-4%
Overseas ratio		84%		84%			

* FY2023 & FY2024 revenue present only continuing operation retroactively.

This slide explains the consolidated revenue forecast by geographic region for FY 2024.
The revenue forecast remains unchanged from the previous forecast, with a decrease of ¥55.9 billion year on year to ¥1,350 billion. The impact of the yen depreciation is analyzed as a factor increasing revenue by ¥32.3 billion.

In addition to anticipating a decrease in revenue in Europe, Asia and North America, we are also revising our forecast for a decrease in revenue in Japan.
On the other hand, we are incorporating an upward revision to revenue in Africa, Latin America and China.

The overseas sales ratio is expected to be 84% as same as the previous year.



This slide explains the mining revenue forecast.
Mining revenue for FY2024 is expected to decrease by 3% year on year to ¥281.6 billion. Although we have revised our forecast downward by ¥0.5 billion compared with the previous forecast as of October 2024, we will continue to maintain high levels of revenue.

New machinery sales of trucks and excavators are expected to decrease by 17% year on year, and parts & services are expected to increase by 8% year on year.

The sales composition ratio is expected to remain 21% compared with the previous year.

We have factored in a decrease in revenue due to a fall in orders for excavators in North America, as well as an increase in revenue from parts & services in Africa and Latin America.

Please refer to “Appendix 2: Detail of mining revenue” on page 30.

Value chain[*1] revenue forecast

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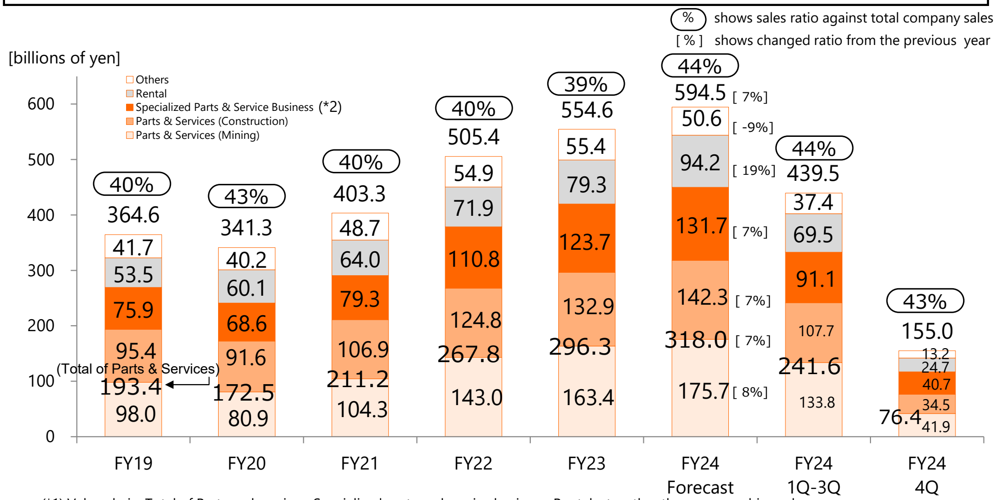
Value chain revenue forecast is changed upward from the previous one as of October. Revenue from parts & services, specialized parts & service business, and rental is expected to increase.

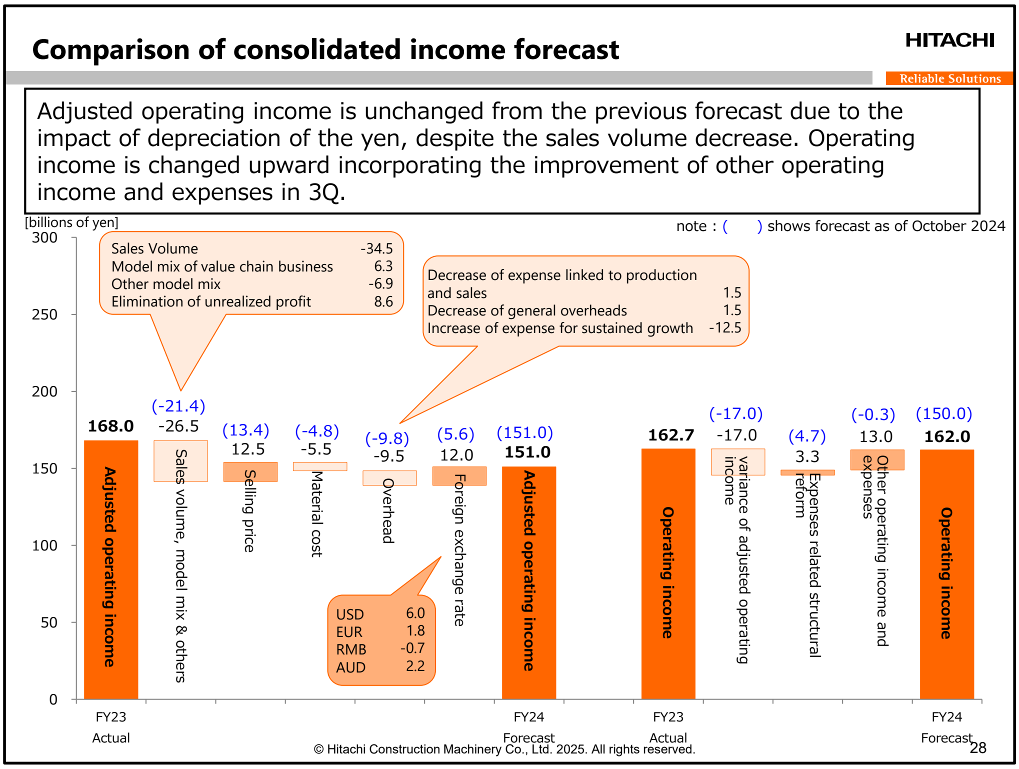


(*1) Value chain: Total of Parts and services, Specialized parts and service business, Rental, etc. other than new machine sales.
(*2) Specialized parts and service business: The business segment primarily intends to provide development, production, distribution of parts, and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.
From FY2019, revenue presented only continuing operation retroactively.

This slide explains the value chain revenue forecast.
The forecast for value chain revenue for FY2024 is expected to increase by 7% year on year to ¥594.5 billion. We have revised our forecast upwards by ¥13.6 billion, mainly due to parts & services, specialized parts & service and rental. We will continue to aim to achieve record-high revenue.

Individually, we are forecasting 7% year-on-year increase in revenue of parts & services for construction and mining to ¥318.0 billion, 7% year-on-year increase in revenue of specialized parts & service business to ¥131.7 billion, and 19% year-on-year increase in revenue of the rental business to ¥94.2 billion.

The sales composition ratio is expected to be 44%, up 5 percentage points from the previous year.



This slide provides a comparison of consolidated income forecast for FY2024.
I will explain the factors behind the forecast ¥17.0 billion year-on-year decrease in adjusted operating income from the previous year to ¥151.0 billion.

A decrease of ¥26.5 billion will be factored into the sales volume, model mix and others. The breakdown shows that in addition to the ¥34.5 billion decrease in income due to changes in sales volume, we are factoring in a ¥6.9 billion decrease in other model mix due to a decrease in volume in major markets including Europe and North America, and a decrease in sales of mining machinery.

On the other hand, the deferred adjustment of unrealized profit will be reduced from the ¥11.7 billion in deferred profit that was a factor in the decrease in profit in the previous year to ¥3.1 billion in deferred profit this year, and we are factoring in an increase in revenue of ¥8.6 billion compared to the previous year.

Although the improvement range in the sales price will be reduced to ¥12.5 billion, it will absorb most of the ¥5.5 billion increase in material costs and the ¥9.5 billion increase in overhead costs.
We expect a ¥12.0 billion increase in the yen depreciation for the full year, however adjusted operating income will decrease by ¥17 billion year on year.
In terms of operating income on the right side of the page, we have factored in a ¥3.3 billion increase due to structural reform costs and improvement of "Other operating income and expenses", we have revised our forecast upwards of operating income by ¥0.7 billion decrease year-on-year to ¥162 billion.

Please refer the following 3 pages of appendix.

Appendix 1: FX rate and FX sensitivity

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The forecast exchange rate of major currencies for this fiscal year is unchanged from the previous announcement as of October 2024.

FX rate and FX sensitivity (billions of yen)

Currency	FX rate				FX sensitivity (4Q)		
	FY24			FY23 Actual	Condition	Revenue	Adjusted operating income
	1Q-3Q Actual	4Q Forecast	Year Forecast				
USD	152.6	141.0	148.3	144.8	Impact by 1 yen depreciation	1.0	0.4
EUR	164.9	155.0	161.4	157.0	Impact by 1 yen depreciation	0.3	0.1
RMB	21.1	19.8	20.7	20.1	Impact by 0.1 yen depreciation	0.1	0.0
AUD	100.8	96.0	99.6	95.0	Impact by 1 yen depreciation	0.7	0.1

Appendix 2: Detail of mining revenue

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(billions of yen)

		FY24 Forecast			FY23 Actual			Change		
		1Q-3Q	4Q	Year	1Q-3Q	4Q	Year	1Q-3Q	4Q	Year
America	Excavator	24.8	7.8	32.6	23.3	12.9	36.2	1.5	-5.1	-3.6
	Dump Truck	8.3	1.2	9.4	7.5	3.4	10.9	0.8	-2.2	-1.5
	Total	33.1	9.0	42.1	30.8	16.3	47.1	2.3	-7.3	-5.1
Europe, Africa and Middle East	Excavator	21.6	8.1	29.6	22.1	12.3	34.3	-0.5	-4.2	-4.7
	Dump Truck	35.1	7.4	42.4	23.0	12.6	35.6	12.0	-5.2	6.8
	Total	56.6	15.4	72.0	45.1	24.8	70.0	11.5	-9.4	2.1
Asia & Oceania	Excavator	93.1	24.8	117.8	90.1	29.9	120.1	2.9	-5.2	-2.2
	Dump Truck	31.2	10.4	41.5	42.9	7.9	50.8	-11.7	2.4	-9.3
	Total	124.3	35.1	159.4	133.1	37.8	170.9	-8.8	-2.7	-11.5
China	Excavator	5.2	1.7	6.8	1.1	1.4	2.5	4.1	0.3	4.4
	Dump Truck	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
	Total	5.3	1.7	7.0	1.1	1.4	2.5	4.2	0.3	4.5
Japan	Excavator	0.8	0.3	1.1	0.6	0.3	0.9	0.2	-0.0	0.2
	Dump Truck	0.0	0.0	0.0	0.4	0.0	0.4	-0.4	-0.0	-0.4
	Total	0.9	0.3	1.2	1.0	0.3	1.3	-0.1	-0.0	-0.2
Total	Excavator	145.5	42.6	188.1	137.2	56.8	194.0	8.2	-14.2	-5.9
	Dump Truck	74.6	18.9	93.5	73.8	23.9	97.8	0.8	-5.0	-4.2
	Total	220.1	61.5	281.6	211.1	80.7	291.8	9.0	-19.2	-10.2

* Specialized parts & service business is not included in the mining revenue.

Appendix 3: Segment information

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The amortizations of PPA are included in the adjusted operating income of the specialized parts & service business : 1.0 billion yen in FY2024 2Q, and 1.3 billion yen in the forecast for FY2024.

[billions of yen]

FY2024 1Q-3Q Actual	Reportable segment				Adjustments *1	Total	
	Construction Machinery Business		Specialized Parts & Service Business				
Revenue		900.2		97.8	-6.7		991.3
Adjusted operating income	10.5%	94.3	10.4%	10.2	-	10.5%	104.5

[billions of yen]

FY2024 Forecast	Reportable segment				Adjustments *1	Total	
	Construction Machinery Business		Specialized Parts & Service Business				
Revenue		1,218.3		138.5	-6.8		1,350.0
Adjusted operating income	11.1%	134.8	11.7%	16.2	-	11.2%	151.0

*1: Adjustments represent eliminations of intersegment transactions and amounts of companies that do not belong to any operation segment.

SDGs

We have chosen to align our activities with 10 of the 17 SDG's.

Topics in this explanatory material are shown together with their corresponding SDG icon.

New "LANDCROS" Concept

HITACHI
Reliable Solutions

Hitachi Construction Machinery Group
LANDCROS
Japanese Excellence—Reliable Solutions

Solutions Beyond Machinery

LANDCROS is our desire:

delivering innovative solutions for all stakeholders.

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END

Cautionary Statement
This material contains forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results, and business strategies. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.
Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in the economic conditions in the Company's principal markets; changes in demand for the Company's products, changes in exchange rates, and the impact of regulatory changes and accounting principles and practices.

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January 27, 2025

Hitachi Construction Machinery Co., Ltd.

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